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Second country cooperation framework for Mauritius (2001-2003)

Contents

		Paragraphs	Page
	Introduction	1	2
I.	Development situation from a sustainable human development perspective	2–6	2
II.	Results and lessons of past cooperation	7–16	3
	A. Key results	7–10	3
	B. Lessons learned from past cooperation and management of programme	11–16	4
III.	Objectives, programme areas and expected results	17–30	4
	A. The proposed strategy	17–22	4
	B. Programme areas	23–27	5
	C. Expected results	28–30	6
IV.	Management arrangements	31–34	7
Annex			
	Resource mobilization target table for Mauritius (2001-2003)		8

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Introduction

1. The second country cooperation framework (CCF) for Mauritius for the period 2001 to 2003 is based on the results of the country review, the common country assessment (CCA) and on priorities identified in the United Nations Development Assistance Framework (UNDAF) for 2000. It draws and focuses on those programmes that have either already demonstrated or show potential for significant results, as reflected in the country review, the results-oriented annual report (ROAR) 1999 and the report of the Administrator's Business Plans, 2000-2003 (DP/2000/8). The CCF document is based on extensive consultations with the Government, civil society, the private sector and key donors.

I. Development situation from a sustainable human development perspective

Economic trends, social dimensions and political developments

2. After averaging almost 5.7 per cent from 1990 to 1998, gross domestic product (GDP) growth slowed down to 2.7 per cent in 1999 as a result of falling sugar production provoked by prolonged drought in 1998-1999. Inflation reached 6.9 per cent and unemployment 6.4 per cent in 1999. With a high per capita income of $3,730, Mauritius is increasingly facing difficulties in attracting development aid. The transition from a low-wage labour-intensive economy to a high-tech capital-intensive economy is proving to be difficult as it requires massive investment in appropriate training and education. This is further compounded by the increasing skills mismatch and labour-market inflexibility and the shortage of high-calibre expertise in several economic sectors. Furthermore, the phasing out of the multi-fibre agreements and the re-negotiations of the Sugar Protocol in 2008 under different conditions implies that Mauritius will face fiercer competition in these sectors, unless productivity is improved and linked to wage movement.

3. Liberal economic policies relying on the market do not sufficiently address the distribution aspect of income and wealth and, if left unchecked, tend to deepen social inequalities and create deprivation in the form of poverty and social exclusion. This is cause for concern in a multi-ethnic society like Mauritius. These disturbing side effects came to the forefront with social disturbances in 1999. More than 14.5 per cent of households are living below the poverty line, defined as 50 per cent of median household expenditure based on the last Household Budget Survey 1996/1997. The Island of Rodrigues is one of the areas with the highest incidence of poverty (income and human). The Government has recognized that remedial actions and safety nets are required to correct the deficiencies of the market and to empower the poorer communities. In this context, several new poverty alleviation programmes are ongoing with UNDP, the European Union and the International Fund for Agricultural Development (IFAD) with greater emphasis on capacity-building, participatory approaches and community involvement.

4. Mauritius already possesses appropriate machinery for managing the electoral processes at high levels of performance, although certain weaknesses remain. Following the last general elections of 11 September 2000, the Government strongly indicated its intention to reform the electoral system, initiated previously. The judiciary is independent.

5. Mauritius is characterized by the inherent environmental vulnerabilities of small island developing States (SIDS). Environmental degradation will become a serious impediment to economic growth if appropriate measures are not taken to reconcile the current pace of economic growth with sustainable management of the environment. In order to address the environmental issues in a holistic manner, the Government has approved a national environmental action plan II (NEAP II) and a national communications plan to the United Nations Framework Convention on Climate Change (UNFCCC) in 2000, that set forth measures to create conditions for sustainable development.

Future challenges

6. Mauritius faces major challenges ahead with the prospects of intensified global competition from low wage countries and limited future opportunities through preferential trade arrangements. Labour cost is rising faster than productivity is increasing and foreign direct investment has decreased. Exogenous factors, such as the weakening of the euro, is having a serious impact on economic returns and the employment level in the manufacturing and tourism sectors. At the same

time, the Government is faced with rising costs of social obligations, structural unemployment, and environmental pressure from conflicting demands for land use. In order to maintain its competitive edge, Mauritius needs to improve productivity and product quality while at the same time becoming more creative and innovative.

II. Results and lessons of past cooperation

A. Key results

Sustainable human development

7. A perspective study on clothing and textiles benchmarked the Mauritian clothing industry on a range of critical success factors in comparison with the international arena and provided Mauritius with guidelines for increased competitiveness. A complete review of the foreign direct investment (FDI) policies in Mauritius has been carried out with the United Nations Conference on Trade and Development (UNCTAD). UNDP resources have been used as seed money to support the elaboration of a build, operate and transfer (BOT) framework in collaboration with the United Nations Industrial Development Organization (UNIDO), to facilitate the implementation of necessary infrastructure projects in Mauritius through the mobilization of non-public resources. A Procedures Manual has been completed and the capacities of the Concession Projects Division of the Ministry of Finance have been enhanced. This created a leverage that strengthened the government's position in negotiations vis-à-vis local or international contractors.

Poverty alleviation, sustainable livelihoods and optimized exploitation of water resources in Rodrigues Island

8. UNDP supported the poorest households in Rodrigues Island by providing access to technical and financial tools. As this project was only approved in May 1999 for two years, the following partial results were achieved at the end of the first year: around 700 households in 10 villages have benefited from viability assessments of proposed micro-enterprises, continuous training and microcredit through village banking; 10 additional villages have been selected for the second cycle until mid-2001; and a revolving fund, managed by a non-governmental organization (NGO) umbrella organization and a community development fund, managed by the local administration, are also in operation with limited cost recovery efforts. Ensuring the sustainability of this pilot project is paramount for further replication and readjustment to other pockets of poverty in Rodrigues Island and Mauritius. In addition, with parallel financing from the Government, UNDP also financed a study, which provided valuable information to the Government and its partners on volume, quality and recommendations to address the serious drought problem in Rodrigues Island. At present, further actions are being undertaken by the Government, based on the study's outcome. Irrigation facilities were also provided to improve the quality of life of local farmers with regards to their supply of drinking and irrigation water.

Governance and gender

9. UNDP, with joint financing from the Government, has financed a number of reform projects in key areas in order to upgrade to new international standards. The new Public Procurement and Transparency and Equity Act, which replaced the previous Central Tender Board Act and the Competition Policy Bill, aims to reduce the risks of restrictive business practices. A study tour for the Director of Public Prosecution and State Law Office was organized with support from the United Nations International Drug Control Programme (UNDCP) to learn from the Australian experience on drug control legislation. UNDP is supporting the Government in the setting up of an office of director of court services at the supreme court, including training for court officers. The capacity of gender mainstreaming efforts and analysis to implement the national gender action plan has been enhanced at the Ministry of Women and in civil society. UNDP has supported the engendering of national budgeting mechanisms, especially within four line ministries: agriculture, social security, education and health.

Environment conservation and rehabilitation

10. UNDP, in collaboration with the Food and Agriculture Organization of the United Nations (FAO), financed the 10-year development plan for the fisheries sector and addressed the sustainable exploitation of marine resources. UNDP has enhanced the capacity of

many environmental NGOs through the launching of the Global Environment Facility (GEF) Small Grants Programme (SGP); has supported the conservation of endemic plants, such as the Pandanus; has enhanced the capacities of local farmers in organic farming and compost making; has promoted the protection of marine ecosystems in the Rodrigues Island lagoon; and has provided solar-powered irrigation systems to increase agricultural production through renewable energies. Under GEF, UNDP has undertaken the restoration of a plot of highly degraded and threatened native forest and helped to ensure the survival of two threatened endemic birds, the Echo Parakeet and Pink Pigeon. The Government has chosen the UNDP as the implementing agency for the new GEF initiative.

B. Lessons learned from past cooperation and management of programme

11. The country review conducted in May 2000 provided a number of important findings and lessons that will be utilized in the implementation of the second CCF.

12. The first CCF (1997-2000) did not allow for a precise targeting of UNDP limited resources. One or two themes would have been sufficient for the level of UNDP resources in Mauritius. During the next cycle, the first CCF must be consolidated. UNDP should remain instrumental in catalytic and upstream activities and policy development, such as setting up an administrative, legal and contractual framework for the application of the concession project scheme (BOT framework) and in providing highly relevant expertise for the next phase of the industrial policy of the country. As part of the recommendations of the Tokyo Agenda for Action, UNDP should consider supporting government efforts to position itself in response to the demand of globalization to attain sustainable human development by promoting innovative South-South cooperation so that Mauritius can benefit from experiences in relevant Asian countries.

13. UNDP interventions in poverty alleviation and sustainable livelihoods did not reflect upstream CCF orientation. However, considering that the project is highly relevant to the country's needs and that the national stakeholders unanimously praised the achievements of the first phase, the pilot stage should be extended. In the future, UNDP resources should intervene as seed money complementing government funding through cost-sharing.

14. UNDP should continue to focus on the conservation and rehabilitation of the environment, given the demands arising from rapid industrial and tourism development and from intensive agricultural practices. UNDP should continue its efforts to mobilize GEF, including GEF/SGP funds, to respond to the considerable demands from marine/coastal and terrestrial biodiversity conservation.

15. Specific implementation capacity for the effective and full use of the national execution modality should be developed. Government officials and staff of implementing agencies should take greater responsibility in project execution, while at the same time strengthening their national execution capacities. Classical monitoring instruments should be implemented to accelerate projects facing operational difficulties in execution. A steering committee for programmes should be established in the future to allow for a better overall monitoring mechanism of the UNDP programme and projects; and ongoing monitoring and post evaluations should be carried out when feasible. National execution agencies have in the past used the direct payment mode rather than the request of advance funds. This situation however has meant a substantial workload for the country office and is contradictory with the existence of national capacities.

16. The CCA/UNDAF process provides a basis for a more coherent programming of the United Nations system, which should continue to strengthen the existing interaction among United Nations agencies and seek more cost-savings in common services.

III. Objectives, programme areas and expected results

A. The proposed strategy

17. UNDP interventions will be based on five principles: concentration in priority areas; sustainability, partnership, gender and a rights-based approach.

Concentration in priority areas

18. Based on the outcome of the CCA, two of the four main themes identified in UNDAF have been selected to focus UNDP assistance: social development (poverty alleviation, private-sector development) and the environment. These two main areas are designated as national priorities by the Government.

Sustainability

19. UNDP interventions will focus on capacity-building and capacity-development of key stakeholders and institutions, in support of a participatory approach for poverty alleviation and the dissemination of best practices, to ensure the sustainability of these interventions. These programmes will engage local communities in participatory decision-making processes.

Partnership

20. The preparatory process of the CCA/UNDAF has been extremely valuable in terms of its development of stronger partnerships among United Nations agencies, with the World Bank and with national stakeholders. UNDP will build on this process to consolidate its position as a trusted development partner, particularly during programme and project formulation and through the dissemination of best practices. Partnerships will facilitate the mobilization of additional resources through cost-sharing arrangements with the Government and through several other funds, such as the Nordic Fund, the Arab Gulf Programme for United Nations Development Organizations (AGFUND), the Public-Private Infrastructure Advisory Facility (PPIAF) and GEF. Technical Cooperation among Developing Countries (TCDC) and Programme for Innovative Co-operation Among the South (PICAS) (within the region) will be actively promoted and pursued for the transfer of know-how and technology from countries such as Singapore and Malaysia. Given the diversity of partners in the same area, coordination modalities will be established and implemented. Partnership will prevail only in fields where UNDP has a comparative advantage.

Gender

21. Gender will be a cross-cutting theme in all the programmes and will be mainstreamed in the design, implementation and evaluation of the projects. The Gender Bureau of the Ministry of Women will actively participate in all forums and committees to ensure that the gender issue is taken into account.

Rights-based approach

22. The rights-based approach — with the aim of focusing on the most vulnerable/deprived groups — will be mainstreamed during the formulation process of programmes and projects, thus building on the orientation of UNDAF and using the international covenants on civil, political, social and economic rights as the reference framework. Monitoring mechanisms for its effective and efficient operation will entail local programme advisory committees (LPACs) and regular project and programme reviews.

B. Programme areas

23. Poverty alleviation and upstream strategic reflections/activities and advocacy for sustainable human development (SHD) will be the main focus of the future programme financed by core resources; non-core resources will finance environmental concerns.

The core resources: priority to poverty alleviation

Upstream capacity-building in participatory approaches to poverty alleviation

24. Capacity-building for poverty alleviation will encompass three dimensions: participatory approach techniques; micromanagement and microcredit; and productive techniques related to the field of activity. The capacities will be built in an upstream perspective. The beneficiaries will include: community-based organizations and their leaders; NGOs active at the grass-roots level; members of the cooperative movement active in poverty zones; and government officials involved in community development. Best practices will be identified and appropriate support devices will be elaborated to help in the dissemination of successful practices for target communities. TCDC will be an appropriate modality in this perspective.

Consolidation and replication of the pilot project, Fight against Exclusion, on Rodrigues Island

25. A wide consensus exists among the communities, the Government and UNDP, regarding the success of

the participatory approach and the microcredit procedures and its potential to provide systematic information and data on the socio-economic situation of women involved in the project and on household gender relations. However, a consolidation stage will be necessary, with increased involvement and contributions of other partners, and replications of the methodology used on Rodrigues Island in Mauritius. The methodology will be adjusted to suit the realities of life in Mauritius. Prior to replicating the methodology both in Mauritius and on Rodrigues Island, it will be necessary to establish a proper coordinating mechanism and to undertake a market-perspective study to pinpoint market outlets for increased production in the medium term.

Support to upstream strategic reflections/activities, advocacy and policy dialogue for SHD in Mauritius

26. As the country faces new challenges linked to a new economic and social transition in a more globalized international environment, UNDP will assist the Government and other national partners (civil society, private sector) by fostering a national dialogue on key policy issues (competitiveness, governance, employment), by reinforcing national capacities in negotiations with international partners (firms, institutions); and by gearing Mauritius to meet international norms and best-practice standards. The high level of technical assistance from UNDP will entail the capacity-building of the national counterpart through appropriate transfer of knowledge, and the strengthening of government capacity to increase private-sector investment flows. The publication of the national human development report (NHDR) will help to promote national dialogue involving all stakeholders on critical development issues. The new programming period will reconsider the framework in which the NHDR is elaborated to guarantee its regular publication on a sustainable basis.

Non-core resources: environmental issues

27. The contribution of UNDP to environmental conservation and management will be financed by the GEF; the projects to be selected will be developed from the priority areas elaborated in the Mauritius NEAP II, which was approved in April 2000. The third phase of the Global Environment Facility/Small Grants Programme will start in 2001. The objectives for the coming years include protecting endemic/indigenous terrestrial and marine biodiversity; promoting and implementing renewable energy projects; and contributing to the elimination of land- and sea-based sources of pollution. Under the GEF regular facility, two major projects will be implemented. The project, Conservation of Forest Ecosystems Threatened by Alien Invasive Species, which is based on the results of a previous GEF project, will support the creation of key areas in the national park where critical ecosystems and habitats are protected as fully as possible. The Project Development Fund (PDF), approved by the GEF secretariat in August 2000, for the project, Marine Biodiversity Conservation in Mauritius, will establish a system of marine protected areas (MPAs) in order to ensure the conservation and protection of critical and unique marine biodiversity within Mauritius, including Rodrigues Island and the outer islands. The country office has been selected as the implementing agency for a new GEF initiative dedicated to advocacy and the dissemination of information on GEF and to identifying other major GEF proposals for Mauritius.

C. Expected results

Poverty alleviation

28. Operational national capacities will be built into the participatory approach and community-based techniques in micromanagement, micro-finance and microcredit for poverty alleviation. The pilot project on Rodrigues Island will play a key advocacy role. The replication and adaptation of the methodology in another 40 villages on the Island and in several villages on the mainland, with the increased participation of the Government and other partners, will serve as the main indicator of success. At the macro-level, it is expected that the notion of poverty and social exclusion will be included in the formulation of macroeconomic policies based on a people-centred and rights-based approach and that there will be increased allocation directed to social expenditure.

Policy dialogue for SHD

29. National capacities will be enhanced in several key sectors of the economy and Mauritius will be a showcase for the implementation of BOT in the region. The production of the NHDR on governance will be completed and thus promote a national dialogue on critical governance issues facing the country.

Environment protection

30. Substantive capacity will exist for the preparation and implementation of GEF projects in Mauritius. UNDP will mobilize substantial resources for the implementation of several GEF eligible projects from the NEAP II and the climate change action plan. The project, Conservation of Forest Ecosystems Threatened by Alien Invasive Species, will demonstrate sustainable-conservation methods applied to island forest ecosystems threatened by invasive animals and plants. The project, Marine Biodiversity Conservation in Mauritius, which will be implemented over a four-year period, will ensure biodiversity conservation of marine-protected areas. Two marine-protected areas will be zoned and designated. Excessive harvesting and habitat destruction of globally significant biodiversity will be greatly reduced.

IV. Management arrangements

National execution and programme approach

31. Measures will be taken to use full national execution in projects; the direct involvement of the country office becoming an exception. National execution will not, however, exclude using expertise and experience of United Nations specialized agencies when appropriate, in order to assist the government and the country office in obtaining the best services and in providing exposure to best practices. The programme approach will be adopted when feasible and will be based on the official poverty and environment blueprints of the Government.

Partnerships, resource mobilization and coordination

32. Partnership and resource mobilization will be given utmost priority for the next programming period through cost-sharing arrangements to consolidate and extend the pilot initiative on a national scale. The potential for greater private-sector participation will be explored. UNDAF thematic groups will strengthen collaboration among United Nations agencies to ensure greater coherence, while maintaining government ownership. Coordination and consensus is highly recommended in the field of poverty, in which a growing number of actors intervene.

Monitoring, review and reporting

33. The CCF will be reviewed annually. The country review will be held early 2003. As part of UNDAF implementation, inter-agency joint missions or reviews will be envisaged to address issues requiring a comprehensive approach. The SRF and the ROAR will be the key instruments used to manage and monitor the performance of the country programme. Impact assessment and monitoring indicators will be developed; the assessment will focus on the impact of projects on target beneficiaries. Programmes and projects will be submitted to UNDP monitoring and evaluation mechanisms and progress will be reviewed quarterly by the steering committee.

Advocacy and communication strategy

34. An appropriate communication strategy will be instrumental in mobilizing resources and in disseminating successful experiences in all developing countries. In this context, web sites will be created to facilitate country office networking within and outside UNDP. The TCDC modality will be used when appropriate to share best practices in response to the challenges of globalization and other key issues. South-South cooperation will be pursued, in particular with relevant Asian countries with comparable experiences to Mauritius in the socio-economic sphere.

Annex

Resource mobilization target table for Mauritius (2001-2003)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over	565	Includes carry-over of TRAC 1, TRAC 2 and the earlier AOS allocations.
TRAC 1.1.1	192	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	80	
Subtotal	**837**[a]	
UNDP other resources		
Government cost-sharing	300	
Third-party cost-sharing	-	
Funds, trust funds and other	4 350	
	of which:	
GEF	4 000	
GEF/SGP	300	
Norwegian Trust Fund	50	
Subtotal	**4 650**	
Grand total	**5 487**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: AOS = administrative and operational services; GEF = Global Environment Facility; SGP = Small Grants Programme; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.